

Donovan Reports, December 12-17, 1941
Folder # 1

Subject File

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CONTINUED

GERMANY
Morale

Many Germans are nervous and worried, and latterly the "Stimmung" has not been very good. The frequent question is, "How long is it going to last?", and Hitler's pronouncement did not do much to allay this feeling.

The man in the street, however, is talking a lot about the coming invasion of England in the spring of 1942. It is believed that by then the greater part of the German army will be free to attack England - the chief enemy of Germany.

There is much less anxiety in Germany regarding the entry of the U.S.A. into the war. It is agreed that it will not greatly affect Germany. If the U.S.A. were to send an army to Europe, it would soon be defeated by the German army, and the American Fleet would not constitute a serious threat. The effect of the blockade is admitted, but it is felt that, when the wealth of Russian production is in Germany's hands, there will be no shortage of the necessities of life.

All this is what the man in the street thinks, and the Government does all it can to encourage such ideas.

The Propaganda Machine

Not for nothing was the Königsberg "Ostmesse" (opened on October 12th by Funk) arranged with so much display. Everything that is produced in the Eastern territories was exhibited there, and its purpose was to show that, with the vast resources available in the conquered Eastern territories, Germany and Europe can survive any blockade, even if the war should last many more years.

The propaganda machine is, in fact, making every effort to encourage optimism among the masses, even going so far as announcing victories of the German army before they have, in fact, occurred.

Yet with all this there is a suppressed feeling of uncertainty about the future, and the many daily difficulties experienced by every German tend to increase these uncertainties.

The Clothes Ration

The reduction in the clothes ration has been a great shock to the German people. They now receive approximately one-half of the previous ration.

It is not correct, however, to say that, with the new ration, it is impossible to buy a new winter coat. If the authorities consider that a person is in real need of a winter coat, he is allowed to purchase one for 30 points, and the old one must be given up to the authorities. Workmen's clothing carries a rebate of 20% in points.

The propaganda machine has been making every effort to show people that the reduction in the clothes ration has been vitally necessary, but in spite of this, there is much discontent on this score. This is one of the causes of people asking whether there will be any end to their difficulties.

Money Hoarding and Purchase of Real Estate

It is noteworthy that many Germans who have money to spend are purchasing every possible article of value. Antiques,

pictures, carpets, gold and jewels, etc. are bought for more than ten times their real value.

This is a pointer to anxiety and lack of confidence in the future. Many Germans, moreover, do not even feel confident about leaving their money in the banks, but hide it in their homes or buy something of permanent value instead. Already the authorities are beginning to punish offenders, and serious measures may be expected if this form of hoarding continues.

Fear of Inflation

In spite of the victories, many people have little faith in the value of the mark and are always afraid of inflation. Many still remember the days of chaos after the last war.

COORDINATOR OF INFORMATION
WASHINGTON, D. C.

December 16, 1941

The President

The White House

Washington, D. C.

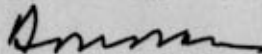
My dear Mr. President:

Mr. Harvey Firestone, Jr. was in to see me today and showed me the following telegram:

"British Government has made demands on Liberia, exact nature of which I have been unable to determine, but apparently involving declaration of war and consequent acceptance of English protection. Cabinet in session daily and understand communication received from American Government Saturday as result Walton's report on above. Local Germans at meeting Friday invoked Berlin's assistance in determination avoid English internment as occurred last war. Considerable fear of bombing felt locally even by white staff and labor is taking cover when planes of unknown nationality fly over airport, which is occurring two to three times weekly."

I am also attaching a memorandum of his conversation with me.

Respectfully,

A handwritten signature in dark ink, appearing to read "Donovan", with a stylized, cursive flourish at the end.

William J. Donovan

Attachments

With regard to the present situation in Liberia,
Mr. Firestone made the following statement:

"Through Firestone Plantations Company, a subsidiary of the Firestone Company, we are constructing an air base in Liberia under the direction of Pan-American Airways. This air field is to have two 7,000-foot runways with pavement 200 feet wide and a laterite soil apron 200 feet on each side of the runways. Time is of essence, as this work must be completed by the end of the dry season in Liberia, approximately May 1, 1942. At the present time, the S.S. Wildwood is at anchor several miles off the town of Marshall with much of the material necessary to complete this airport. It will take approximately thirty days to unload because of limited lighterage capacity. During this period it is vulnerable from air and sea attack. These materials must be transported by lighter over the bar and approximately eight miles up the Farmington River to the airport

site. Likewise the steamer East Indian has just arrived at Cape Mount in northern Liberia with 1500 tons of aviation gasoline to be unloaded for use by Pan-American at Fisherman's Lake, where Pan-American clippers are now landing after taking off from Brazil.

"Under all of these circumstances and in view of the apparent strategic position of Liberia as a base for air operations to Africa, the Near East, and the Far East, it seems of vital importance that protection be given against the possible loss of ships lying in the open sea at several ports, the loss of which would in one case prevent the completion of the air base we are constructing and in the other the loss of aviation gasoline. Protection also appears necessary for the air base itself now under construction."

"Fisherman's Lake would provide an adequate base for navy planes, for coast patrol and for airport protection. The most useful type of surface protection for the ships themselves, of course, would have to be determined."

December 16, 1941
6 P.M.

MEMORANDUM TO THE PRESIDENT

FROM: William J. Donovan

I have a report here on the AZORES, which deals with communications, air patrol, and intelligence. It is a long report and, for that reason, I do not send it to you. It is based on observations made by a British Naval Staff Officer and certain reliable information now in the possession of the Director of British Security Coordination in New York, and also on information furnished by a Portuguese ship owner. This report appraises:

- (a) Defense of the Islands.
- (b) The Islands' attitude toward an occupying force.
- (c) Relative importance of the Islands in the group.
- (d) Portuguese plans for defense and British recommendations.
- (e) The organization of command.
- (f) Foreigners in the Islands.

I am giving copies of this to Army and Navy

Intelligence. Should you wish to examine it, or to have it in your files, please let me know.

"COLLABORATION" EN BELGIQUE

COORDINATOR OF INFORMATION

WASHINGTON, D. C.

December 17, 1940

8:30 A.M.

MEMORANDUM TO THE PRESIDENT

FROM: William J. Donovan

Former Belgium Minister Paul von Zeeland

was in to see me today, and left the attached.

-2-
"COLLABORATION" EN BELGIQUE

Il semble qu'il se produise un revirement complet dans le désir de collaboration.

Les participations pour lesquelles on avait fait des offres, même de véritables pressions, n'intéressent plus les Allemands pour le moment (exemple: affaires du Kivu).

Les Allemands renoncent (momentanément?!) à nommer des séquestres dans certaines affaires.

Cela veut-il dire qu'on va employer la manière forte ou le manque d'intérêt qu'ils y portent est-il réel?

SITUATION ECONOMIQUE DU PAYS

1. On doit s'attendre à un effondrement à bref délai.
2. Tous les jours, un article de consommation courante disparaît du marché: soude - ficelle - hile - fusibles - lampes électriques (dont les culots sont naturellement en zinc), cartonnages et surtout le charbon.
3. Toutes les glacières et verreries sauf 1 de chacune d'elles sont fermées.
4. Absence complète de caoutchouc.
5. Depuis juillet, la politique qui a été invariablement suivie par les Allemands en Belgique a été d'amenuiser le plus possible pour ne laisser la production belge qu'au strict nécessaire.
6. De nombreux entrepreneurs belges sont demandés actuellement par l'Allemagne.

FIRMES ALLEMANDES EN BELGIQUE

L'agent général de l'A.E.G. est retourné définitivement en Allemagne.

Cette firme ne prend plus de commandes. Même contre échange des pièces usées ou hors d'usage, on demande un délai de fourniture de plus d'un an.

RATIONNEMENT EN CHAUFFAGE

A toutes les industries, même aux meuneries, on a retiré les 2/5 des besoins en charbon.

MATERIEL ROULANT BELGE

Les Allemands requièrent actuellement la fourniture de 500 locomotives et d'un plus grand nombre de voitures métalliques des chemins de fer belges. Il s'ensuivra une diminution parallèle importante du trafic ferroviaire.

HUILES ET LUBRIFIANTS

Les lubrifiants font actuellement défaut.

Les chargonnages n'ont plus que pour trois mois d'huile de graissage.

POLITIQUE

- a) Des pourparlers seraient en cours pour faire de la Belgique un "Etat Sanitaire" où l'on ferait l'échange des prisonniers, des invalides, etc.
- b) On reparle de la Constitution d'un Gouvernement ayant Lippens à sa tête.

December 17, 1941
8:30 a.m.

European Conditions AUSTRIA

The following information concerning Austria, gathered from various sources, may be of interest:

Morale

- (1) Antagonism between Germans and Austrians increasing.
- (2) Belief in German victory is decreasing.
- (3) In August, two blast furnaces were blown up and other sabotage was committed at the Hermann Goering factories at Linz.
- (4) Friction between the military and party members is increasing. At recent performance of Don Carlos, in the part where the delegates turned to the King and said "All we want is our freedom", there was a very noisy demonstration.
- (5) Vienna is full to capacity with severely wounded men from the Eastern front.

Economic Conditions

Great social injustices occur under so-called price control regulations. The small tradesman is heavily punished if he sells his goods at a slightly higher price than previously, whereas the big business man is able to make enormous profits by evading the law.

Food Rationing

In many respects, the food provided in Austria is poor in quality and quantity. The black market functions for those with money and for party members, whereas the majority of the common people suffer want.

Clothing Shortages

- (1) All textile goods are sold against coupons.
- (2) Shoes can only be bought against special coupons.

Children seldom get shoes which fit properly and foot trouble is prevalent.

December 17, 1941
8:30 A.M.

The very basis SPAIN influence exerted by this Minister

Internal Politics the party, are due partly to the founder

In spite of what is almost an official holiday, the internal political situation remains uneasy. On the one hand, disputed in the Falange - the ruling party- and the existence within it of much latent discord; and on the other, the general discontent, which increases daily owing to the slowness of the Government in taking the necessary steps to improve living conditions for the lower classes, are keeping up a state of tension.

The Falange Party - whose disagreements and course of action have been previously described - took on a new aspect. The Secretary General of the Party, Senor Arrese, belongs to the section called Jonsistas. These have never approved of what they call the "chapel politics" imposed by Serrano Suner, who came from the Ceda group.

The very decisive influence exerted by this Minister and his power in the party, are due partly to the founder having appointed him executor of his will but in the main to the prestige he enjoys thanks to the support given him by his brother-in-law, General Franco. This prestige has, however, been plainly declining of late.

It is known that to gain the position which he now holds, one of the arguments used by Serrano Suner against the former holder of that office, Colonel Beigbeder, was the latter's particular way of living, surrounded by feminine society; and Serrano Suner capitalized his own austerity in this respect. Well directed rumor, including articles in the press controlled by Suner, bore fruit, and Beigbeder had to leave the Ministry. These facts may be said to be common knowledge.

It now appears that, in official as well as social

circles, there are whispered comments on the change in Espinosa de los Monteros relinquished his post as the Foreign Minister, now that he is attracted by a Marquesa; this affair of the heart naturally came to the knowledge of General Franco and family relations grew so frigid that it was thought this might even cause his removal from the position he now occupies. But there is actually a really serious reason: General Espinosa de los Monteros, a man of great integrity and uprightness, who was at the time Spanish Ambassador in Berlin, wrote a letter of accusation to Serrano Suner, saying that by his conduct he had betrayed his ideals and betrayed Spain.

Serrano Suner, instead of sending a formal reply to this document, which was sent by General Espinosa de los Monteros through the proper channels, answered the General with a telegram saying that, after reading the first paragraph of the note, he had burned it. Meanwhile General

Espinosa de los Monteros relinquished his post as

Ambassador to the Foreign Minister immediately the latter

In these circumstances the General produced a further

copy of his letter, sending it, as was his duty, to

the War Minister who, on receiving such a strong note,

tried to dissuade General Espinosa from presenting it;

but, as the arguments were of no avail, the latter

accordingly presented the note to the Chief of State.

The document in question is specific and positive. It

sets forth the statements that Serrano Suner made in

Germany against various Generals of the Army and his

criticism of members of the Government designed to show

that he himself was the only upholder of the political

position in Spain.

The attitude taken by General Espinosa de los Monteros,

in which he was guided neither by personal ambition nor by

spite, since he sent the document and his resignation as Ambassador to the Foreign Minister immediately the latter had returned to Madrid after his journey to Berlin and Rome, has the full support and sympathy of various Generals of the army, including those whose prestige stands highest.

It must be remembered that the only backing on which General Franco can really rely is the army, by which he was nominated chief of State. The Falange continues to figure prominently in the Press, and the attitude of the small town local authorities is pro-Falangist, but the Falange itself grows daily more unpopular. As regards effective support, it is so full of intrigues and maneuvers that General Franco himself seems to have become convinced that he cannot rely on it.

The standing of the Foreign Minister is the subject of much discussion and changes in the Government are anticipated

during the coming months, although the more experienced still believe that Serrano Suner will again be clever enough to keep his position in the Government, though with greatly reduced authority. To this, the friends of Serrano Suner reply with an argument that they have previously impressed on General Franco, that those who oppose the Minister Serrano Suner do so only to avoid opposing him, and that to overthrow Serrano Suner would be to remove the pedestal supporting the statue, which would then be brought down itself.

Commenting on the Barcelona Conferences between the U. S. representatives, Sr. Escobar says: "These meetings gave rise to many comments; it was said that, as soon as the present German campaign in Russia is at an end, the U. S. A., Japan, the Vatican and some neutral countries will together try to propose a peace to the belligerents.

It is also said that Mr. Taylor told the Ambassadors that the Holy Father had instructed him to inform both the British and U. S. Governments that he must avoid making the clergy intervene in the war in Russia, so that Catholicism should not be involved in a cause which, unfortunately, does not deserve the support of His Holiness."

December 17, 1941
8:30 A.M.

1. The Chief of Police is passionately obstructive,

MEMORANDUM TO THE PRESIDENT

and unless replaced the President could not

FROM: William J. Donovan

count on vigorous action against subversive

We have just received the following items of
information regarding the situation in Brazil:

1. The Brazilian Government has done little to
implement the declaration of solidarity except
to issue general instructions to D.I.P. and police
to favor the Allied cause.
2. A declaration of war or severing of diplomatic
relations with the Axis powers is considered as
most improbable. The Minister of War wishes to
preserve present neutrality and vigorous anti-
Axis policy could probably produce an army revolt.
3. The Minister of War could count on a considerable
section of the Army to follow him, and according
to information from reliable sources, on the bulk
of the Air Force also.

4. The Chief of Police is passionately obstructive, and unless replaced the President could not count on vigorous action against subversive elements which is essential as a first step before actual declaration of war.
5. The attitude of the general public is entirely apathetic but counts little at present.
6. There have been signs of activities and meetings of known German agents. The Integralists are also active, although there is no actual indication of immediate action by them. There is also the impression that several German air pilots are standing to for some job.
7. Our informant is convinced that for the moment the government is not strong enough to take any drastic action without grave risk of overthrow by an Army-Integralist-Axis revolt.

-3-

The Japanese Ambassador had a long interview
with the Chief of General Staff on December 10.

December 17, 1941
8:30 A.M.

MEMORANDUM TO THE PRESIDENT

The following information has just come to
us:

The Argentine Ambassador, Naval Attaché,
Consul General, and one other Argentine diplomat,
attended a recent cocktail party given by the German
Ambassador in Santiago, Chile.

The Chargé d'Affaires of the Dominican
Republic was also present.

December 17, 1941

Memorandum for the President:

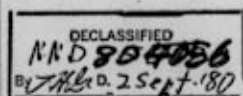
The following is an intercepted letter from
Sister Augusta in northern Germany to Reverend
Mother Mechtildis del Probre Nino, Colegio de
Santa Clara, Bogota, Columbia:

Roman Catholic Institutions in
Luxembourg, Germany and Belgium suffer
under German domination and live in
want and fear -

Priests and nuns are not allowed
to leave the Country even to enter
Holland.

Extracts translated from German:

"This letter will reach you uncensored and so
I can write more openly than hitherto. A fortnight
ago I was in Gemminick at Mother Viktoria's. She



would be only too glad to send sisters out to you - not only 2, but preferably 10 or more, but there is a decree that no priests or women, who have taken orders may leave the land. We cannot even go to Holland and certainly not to America and it will be this way as long as we have this regime. The dissolution of monasteries and convents is in full sway. Gemmenick is in danger too. They want to open a school for teachers there as they have in Godesberg.

The object of the N.P. (Nazi Party) is a Germany free from monks and nuns...if God does not help us this will happen, but Deus providebit - The institutions in Luxemburg exist no longer, in Rumelingen they were not even allowed to take their linen away with them....it is terrible here for non-aryans...yesterday I was in Cologne and learned from several sources that the founding of a German national "Katholic" Church is imminent and this alone will be recognized by the state...The dissolution of all orders has been decreed and is being applied and only God can stop it for those in power are indeed using their power...

Here at home we are all well in spite of our anxieties - fear of the raids at night and of the police during the day as these can evict us at a few hours' notice. The people are suffering very much. If the government would act according to right and justice and leave religion alone, the whole nation would stand behind it but as things are there is a strong undercurrent. But as long as their arms are victorious I do not think there will be a revolution. The successes in Russia are beyond imagination and I think we shall soon have finished there. However, when I think of all the terrible things that the Gestapo have done in Poland and if there is a just retribution, what then will come upon us Germans!....Be very careful when you write. Every letter is carefully scrutinized and registered. Our sisters in Belgium, especially in Borsbeuk and Brussels, are suffering from hunger. They begged for potatoes, but we were not allowed to help them. Here too things are short but thanks to the excellent organization there is no actual want.

EXECUTIVE OFFICE OF THE PRESIDENT
COORDINATOR OF INFORMATION

MEMORANDUM

December 17, 1941

To: Colonel William J. Donovan

From: William H. Vanderbilt

Subject: A. G. Pfingsthorn, 191 St. Mark's Place, St. George, Staten Island, New York.
Has changed name to "Thorn".

Connected with Marine Midland Group, consisting of a number of New York State banks, with headquarters in Berlin up to 1938. Returned to New York 1938, and in the same year started a veneer business in Berlin which he operated until forced by war conditions to close down. Left Berlin November 18, 1941. Sailed from Lisbon November 28. Referred to us by Chase National Bank, New York. Made following report:

General conditions in Berlin not bad. Enough food, except for working class which is pretty badly off. Food rations per week:

400 Grams Meat
About One Pound of Butter
Two or Three Eggs
Skimmed Milk
Plenty of Bread of Good Quality
Plenty of Beer
No Coffee or Tea, Except 80 Grams Coffee
Allowed for Christmas

Sufficient clothes can be obtained under the ration card system.

All churches, except the Science Church, open and conducting services each Sunday.

No casualty lists issued, but private individuals allowed to insert death notices in the papers. These averaged 20 to 30 per day.

Morale

The people compare the situation in the third year of this war with conditions in the third year of the last war, and consider themselves much better off. Great surprise among the people at the beginning of the Russian War, but a general belief that the matter would be settled shortly. Hitler's statement of small German losses compared with enormous Russian losses created favorable reaction.

Colonel William J. Donovan

- 2 -

Morale (Cont'd)

The German people did not believe that the United States would enter the war. Subject feels that our entry will have a great effect on the German people.

The bombing of Berlin far more frequent last year than this year. People, particularly the women, grumbled and expressed great dissatisfaction as a result of frequent bombings. Subject believes that it did lower the morale, particularly of the working people, as they could not get enough sleep.

There is a distinct feeling of antagonism between the Army and the Party, but the Party is still supreme. The Army has everything it wants to eat and drink, and its morale is high.

Condition of the Jews

Jews are now forced to wear a yellow emblem with a star on their outer garment. Jews are constantly being deported to Poland, being taken out of their homes at night and transported by truck. They are allowed to take only a few personal clothes with them.

Radio

Many people listen to British broadcasts in spite of the severe penalty. Their confidence in British news broadcasts has been badly shaken because of the broadcasting of information which the Germans themselves knew was not true. For example, BBC reported that Russian planes had severely bombed Berlin on a certain night. There had not even been an air raid warning that night.

Spain

Subject saw no Germans in Spain, except for a football team of 22 men who were playing in Madrid. Conditions in Spain very bad. No butter even in the best hotels.

Portugal

Conditions much better than in Spain. Apparently plenty of food and all the butter one wanted.

William H. Vanderbilt.
William H. Vanderbilt

-2-
December 17, 1941
6 P.M.

MEMORANDUM TO THE PRESIDENT

DECLASSIFIED

By Authority of CIA

FROM: William J. Donovan

007622
By DRB Date SEP 10 1974

It has been learned from a most secret source that on November 20, 1941, the Ministry of Foreign Affairs, Buenos Aires, Argentina, issued a statement to their government regarding Argentine-Japanese Commercial Relations in the following terms:

"Regarding the Argentine-Japanese commercial interchange situation and the possibilities for improving it; the Agreement

in force, effected by exchange of notes dated March 23, 1941, was an efficacious instrument for the establishment of commercial relations between the two countries and was necessary to raise the level of Japanese purchases, laid down in this agreement at 30 million yens for 1940, and 40 million yens for 1941. There is no necessity, for the moment, to modify the clauses, bearing in mind that, due to the international situation the regular maritime service between the ports of any other American country. The Japanese Embassy

Japan and our country has been interrupted. same for cargo

"The present position of interchange is decisively influenced by the war. The fact that Japan has decided to suspend the regular navigation lines at Rio de la Plata is sufficient indication. On the other hand, by adjusting the exportable balances of wool, linen, leather and various minerals to U.S.A., a proposition by that government which it is at present negotiating, there is little prospect that the Argentine-Japanese commerce will reach the figures of 1940. table for all the Japanese ships arriving at

"The Argentine government has demonstrated its interest by favoring and maintaining all economic connections with Japan, granting to Japanese ships coming to unload in Argentine ports, the necessary, and extra, fuel to reach Japan and even, on the occasion of the last ship in our harbor, the "TOA MARU" giving it sufficient fuel for a round trip, as the Japanese ships do not receive fuel in the ports of any other American country. The Japanese Embassy

stated that ships of this nationality would come for cargo to our country, so long as they were assured of the necessary fuel for the return journey at least.

"It is to the interests of our country to assume sources of supply and markets for national products and to maintain economic relations with Japan and the Far East. The assurance of such relations, however, is not within the Argentine government's power as it has not its own lines of communication with the Far East. There is sufficient cargo available for all the Japanese ships arriving at Argentine ports, as they have not disposed of the exportable balances of the principal Argentine products, the acquisition of which is of interest to the U.S.A. and British governments.

"With regard to whether we can sell on credit to Japan, I would inform you, that the Japanese government has never at any time made a proposition of this sort, so that such arbitration is not considered necessary, particularly as Japan has just realized a sale of gold to

for the nation
to only comply so long as they
state that ends of this nation

the Banco Central so as to have at her disposal the
necessary funds to pay for her purchases of Argentine
products."

COORDINATOR OF INFORMATION
WASHINGTON, D. C.

December 17, 1941.
6:00 P.M.

MEMORANDUM for The President.

The attached memorandum has
just come in from our Latin American Section
on Colombia.

20763
D/R

NOTE ON COLOMBIA

1. Indications of increased German activity in Colombia are numerous, with interest focused on exploration and acquisition of landing fields. Many Germans and Italians have recently made expeditions to the Llanos east of Bogota, a vast, natural landing field, and German residents in Colombia have bought extensive stretches of beach near Cartagena, which also provide excellent natural landing fields.
2. A number of strategically-placed Colombian officials are known to be Nazi or Fascist sympathizers, including high navy officers, the Chief of the Aliens' Department of the National Police, the director of the Radio Department in the Ministry of Communications, and several senators.
3. The Colombian labor movement is one of the strongest anti-Nazi forces in the country.
4. The Labor policies of Standard Oil (N.J.) and Texas Company subsidiaries are arousing serious antagonism among this important group and are strengthening the movement for Government expropriation of oil properties. The American companies have either ignored or complied grudgingly with Colombian labor laws. Labor organization in the oil industry is proceeding rapidly, and strikes tying up river traffic have occurred. In the event of a strike in the oil fields, the companies have considered the possibility of forcibly removing some 3000 workers and their families and importing strike breakers. The companies apparently want the United States Government to bring pressure on the Colombian Government.

DECLASSIFIED

By Authority of CIA

007622

By WZ

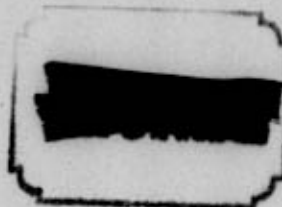
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COORDINATOR OF INFORMATION
WASHINGTON, D. C.

December 17, 1941.
6:00 P.M.

MEMORANDUM for The President.

I am sending here a report of our
Latin American Section made December 3rd,
in which the present situation was envisaged
and the reasons for it stated. You may be
interested in reading it.



COORDINATOR OF INFORMATION

Latin American Section

Special Memorandum No. 12

THE POLITICAL SITUATION

IN ARGENTINA

December 3rd, 1941.

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CIA

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SEP 10 1974

DECLASSIFIED

Latin American Section

Special Memorandum No. 12

THE POLITICAL SITUATION

IN ARGENTINA

Summary

Political tension is increasing to the point of threatening the present form of government. The political picture, which formerly could have been presented as a struggle between the Conservative and Radical parties, now is made more complicated by the international situation and by the personal ambitions of certain military officers. These political adventurers, admirers of Nazi methods and military successes, want to establish a dictatorship. Should they succeed, Argentina's foreign policies will be definitely pro-Axis.

The opposing pro-democratic forces are themselves weakened by internal schisms and lack of strong leadership. This weakness may make a coup possible.

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DECLASSIFIED

Latin American Section

Special Memorandum No. 12

THE POLITICAL SITUATION IN ARGENTINA

I. SIGNS OF AN IMPENDING POLITICAL CRISIS

1. Pressure on Castillo to establish a reactionary dictatorship.

About a month ago a group of Nazi-minded "nationalist" Army officers presented Acting President Castillo with a list of demands which included, in part, the indefinite postponement of the Buenos Aires provincial elections (scheduled for December 7th), the elimination from national politics of General Agustín P. Justo, the suppression of certain newspapers, including the influential La Crítica, and the establishment of an open dictatorship.

2. The Air Corps affair of September 23rd.

There has never been a satisfactory public statement of the affair of September 23rd. According to an ONI "Intelligence Report", however, it was apparently an incipient attempt of certain high-ranking Air Corps officers (who are identified as reactionaries in domestic affairs and pro-Axis) to effect a coup d'etat directed against Justo. The group of eleven plotters in the affair was headed by General Benjamín Menéndez, retired, about whom there is definite and concrete evidence that he takes

instructions from von Thermann, German Ambassador in Buenos Aires; Lt. Col. Bartolomé de la Colina, Director of Matériel, Army Air Corps, who is supposed to be heavily in debt to the Banco Germánico, and General Avéline J. Alvarez, retired, formerly director of the Infantry School. The cabal also included several of the highest ranking Air Corps officers. Its focal point was the Aviation School at Córdoba.

3. Recent political maneuvers indicate a heightened tension.

Identified as attempts to line up public support for various forces are recent public political meetings. On November 18th several small pro-Axis parties formed a new united party called Partido Unión Nacional Argentina under the leadership of Manuel Fresco, former Conservative governor of Buenos Aires and an avowed Axis partisan. This party has no popular strength, but its formation at the present time when anti-Axis public demonstrations are becoming more pronounced lends it considerable significance.

On October 23rd, Castillo issued a decree abridging the right of assembly, and it is considered that this was done to hinder the Radicals' election campaign.

On November 28th, Castillo personally (and over the head of Minister of the Interior Culaciati) instructed the police to forbid the pro-Democratic meetings scheduled for the following day. Under the aegis of Acción Argentina, some 5,000 mass

meetings were to be held throughout the country, and they had been widely advertised for some time. Castillo's announced reason was that the meetings conflicted with the government's international policies, although the Supreme Court recently declared that interference with the people's right of assembly is unconstitutional.

II. NATURE OF THE POLITICAL CRISIS

1. The Conservative-Radical struggle for control of the government.

Fundamentally the political struggle in Argentina revolves around the Radical and Conservative parties' attempts to control the national government. In its present form it dates from 1930 when the Conservatives, in a military coup, replaced Radical President Irigoyen by General Uriburu and installed a succession of Conservative governments through the widespread use of electoral fraud. At present, the Radical party, undoubtedly the majority party in most provinces, has control of the Chamber of Deputies, but the Senate and the Executive are Conservative-controlled.

Because of the December 7 elections in Buenos Aires province and the fact that that province which is so heavily populated can be decisive in the outcome of the 1943 presidential elections, the party struggle is becoming more intense. The Radicals would probably register an overwhelming victory in an honest election, but Castillo gives evidence that he is preparing to steal the

elections for the Conservatives.

2. The Current crisis centers in a small group of leaders.

There is no general popular support in either party for drastic action in the current crisis. As has been cited above, certain groups are prepared to back Castillo in a coup d'etat, but these are principally political and military leaders with very little popular following. On the other hand, the forces in opposition to Castillo, both civilian and military, are divided, although they have considerably more backing in the general population and the important press of Buenos Aires than the pro-Castillo group. Basically, therefore, should there be an open break the action would be of the nature of a "palace revolution".

COMPLICATIONS IN THE POLITICAL PICTURE

1. Castillo's foreign policies are unpopular.

Castillo has been playing a very cautious game in foreign affairs. Despite a preponderantly popular anti-Axis sentiment, he has been extremely careful not to offend the Nazis who are using Argentina as their chief base for organizational and propaganda activities in South America. The unpopularity of Castillo's foreign policies cuts across party lines, and many fellow Conservatives such as Justo and Culaciati are opposed to him on these grounds.

2. Castillo's pro-Nazi advisers.

Some of Castillo's closest advisers are avowed pro-Nazis, including General Juan B. Molina, Senator Matías Sánchez Sorondo, and Manuel Fresco. These advisers, along with an influential group of Army leaders, are convinced that an Axis victory is inevitable and that Argentina should act accordingly. They have had a tremendous influence on Castillo and his Foreign Minister, Enrique Ruiz Guinazú.

3. Nazi sympathizers in the Armed Forces.

The German Army, through long years of an instruction mission, has built a large party of sympathizers in the Argentine Army. This has been reinforced by German military successes in the present war, and El Pampero, the chief Nazi newspaper, has a wide circulation among Army officers. The main strength of this sympathy is found in the Aviation and Cavalry Corps.

An example of this is found in an incident at the beginning of the Chamber of Deputies Committee investigation of anti-Argentine activities. An attempt was made by certain officers to blackmail the Committee and discredit the United States. These included the aforementioned Lt. Col. Bartolomé de la Colina and his assistant, Major Juan San Martín. They accused three Argentines and a British subject of engaging in espionage activities on behalf of the United States. The denunciation, made to the General Staff, was promptly rejected.

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The accusers are supposed to be heavily in debt to the Banco Germánico, which is closely allied to the German Embassy.

4. The Radical Party may not be strong enough to prevent a coup.

The Radical Party has weaknesses which may make a Conservative or pro-Axis coup d'etat possible. These include:

(a). Lack of Army support. The Army has become a strong factor in national politics in the past ten years. The Radicals may at the present time count on some support in the Army, but it does not have many partisans.

(b). Lack of a popular leader. The Radicals do not have a strong popular leader behind whom to rally, such as Irigoyen was. Former president, Marcelo Alvear, present head of the party, is too old to be very active. This explains, in part, the rise of provincial leaders and branches of the party which has had the effect of dissipating its potential strength.

RESUME: Thus the traditional domestic struggle between Conservatives and Radicals is complicated by international pressures and a strong movement to scrap the Constitution of 1853 and establish a dictatorship. This movement has both Conservative and military backing, but for different ends. The movement is motivated partly by a desire to retain control of government and partly by desire to establish a military dictatorship. On the

other hand, the Radical party is weakened by internal schisms and lack of a strong popular leader, although it is still the strongest political party numerically.

IV. LEADERS

IV. LEADERS AND POSSIBILITIES

1. Military Adventurers.

There have already been mentioned in this report the names of several military leaders who are engaged in equivocal political activities. These include Menéndez, Molina, de la Colina, and Alvarez. In addition, there are others not previously cited, including Captain León Scasso, former Minister of the Navy and head of the Legión de Mayo; General Basilio B. Pertiné, former Minister of War; and General Angel Zuloaga, Chief of Aviation at the time he was caught in the September 23rd incident.

These military leaders have strong personal political ambitions, but mutual jealousies have prevented them from effecting a union which would seriously threaten the present form of government. Should such a union ever be formed, and the German Embassy is trying to do so, it would be extremely dangerous to Hemisphere defense plans because it would be friendly to the Axis powers.

2. Castillo

As has been seen, there is considerable pressure on Castillo to effect a coup d'etat. This would be done by

finding some pretext to dissolve the Parliament and institute a regime by decree. However, he may not have enough strength both in his party and in the Army to be able to effect a coup.

3. Ortiz.

According to Dr. Damonte Taborda, President Ortiz is well enough, except for his eyesight, to resume the presidency. He has not made this move, however, because of fear that it may force Castillo into a political or military adventure, with unpredictable consequences.

4. Justo.

Former president Justo is the strongest individual leader in the Army, and he can probably count on the support of the bulk of the armed forces. There is evidence that the Radicals are flirting with the idea of uniting behind him as the least of the possible evils. They would do this only with the greatest reluctance because he is a Conservative and was involved in the repressions and frauds which that party has used in great measure in the past ten years.

5. Le Breton.

A possible dark horse in the political race is Dr. Thomas Le Breton, recently returned from his post as Ambassador in London. He has been absent from Argentina in the diplomatic service for some years and is therefore relatively unknown in

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the country. However, there has been considerable political conversation among party leaders since he returned and he may be found acceptable to a union of anti-Castillo forces.

Sources

Interviews with:

Dr. Raul Damonte Taborda

Dr. Hugo Fernández Artucio

Dr. Alfredo Metraux

M. I. D. Reports

O. N. I. Reports

State Department Despatches

COORDINATOR OF INFORMATION
WASHINGTON, D. C.

December 17, 1941.
6:00 P.M.

MEMORANDUM for The President:

The attached is a memorandum sent to me by the British who are in charge of South American activities.

Imman

NOTE ON ARGENTINA

- A. CASTILLO has declared a state of siege, thus acquiring dictatorial powers at a convenient moment before the forthcoming election. There is no time limit set for the assumption of these powers, which include the suspension of all Constitutional guarantees, such as the right of free meeting and free speech.
- B. The backing of public opinion for the recent Parliamentary investigation into Axis activities in the Argentina makes it clear that no such step as outlined in "A" was necessary to take action against these activities by normal legal means.
- C. It is certain that CASTILLO gave as an excuse to take over personal control, and in his own words, to suppress "tendentious propaganda."

This creation of a dictatorship in Argentina is a grave warning of things to come, and the result can only benefit our enemies and harm our friends.

COORDINATOR OF INFORMATION
WASHINGTON, D. C.

December 17, 1941.
6:00 P.M.

MEMORANDUM for The President.

We have obtained, through confidential sources, a photostatic copy of "LUFTKRIEGFUEHRUNG", (AERIAL WARFARE). I have had it translated for the Air Corps and for Naval Aviation. It is a lengthy document, but there are certain paragraphs in it which I think you might be interested in reading. These paragraphs relate to the manner of modern air warfare and indicate the methods pursued by the Germans. If you think you would want to look at these, I will mark them send them over to you.